

INSTRUCTIONS:

Fill in this information first

INSTRUCTIONS:

Remember this information first

1. Change years applicable
2. Never use cents on the financial statements
5. Year-end
6. Name of company in capital letters
7. Registration number
8. Adjust only the wording in the detailed I/S.
This will automatically draw to the upper I/S
9. Make changes to the writing in red
10. Do a spell check
11. This template contains only information that is normally applicable to trust financial statements. If there are other items please refer to the template for company financial statements.
12. "BTW" is part of "Bedrae ontvangbaar of Bedrae betaalbaar"
13. Remember the "ouditverslag" must be a Word document.

2 013

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30 JUNE 2013 30 JUNE 2012

MANTSOPA LOCAL MUNICIPALITY

MANTSOPA LOCAL MUNICIPALITY



ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED

30 JUNE 2013

MANTSOPA LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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MANTSOPA LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

GENERAL INFORMATION

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DISTRICT MUNICIPALITY	:	Thabo Mofutsanyana District Municipality
MEMBERS OF COUNCIL -		Clr S D Ntsepe (Mayor) Clr M Majara (Speaker) Clr J Machakela (Exco Member) Clr M A Malakane (Exco Member) Clr M C Chomane Clr D Dewey Clr D Holmes Clr Y J Jacobs Clr P B Matsunyane Clr D T Molefe Clr M P Nakalebe Clr Thaisi Clr P P Raboko Clr M B Sani Clr G M Seoe Clr M C Sebotsa Clr K I Tigeli
MUNICIPAL MANAGER	:	M S Selepe
CHIEF FINANCIAL OFFICER	:	P Matsie
AUDITORS	:	The Auditor-General
BANKERS	:	Current Accounts: ABSA - 2020 FNB - 6205

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MANTSOPA LOCAL MUNICIPALITY***APPROVAL OF ANNUAL FINANCIAL STATEMENTS ENDED 30 JUNE 2013***

A draft set of annual financial statements set out on pages 3 to 42 were approved by the Municipal Manager in terms of Section 126(1) of the Municipal Finance Management Act 2003 and were presented to Council for notification on 30 August 2013.

I certify that the salaries, allowances and benefits of Councillors as disclosed in notes 20 and 21 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

.....
MUNICIPAL MANAGER

.....
DATE

.....
CHIEF FINANCIAL OFFICER

.....
DATE

MANTSOPA LOCAL MUNICIPALITY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013

	Note	2 013 R	2 012 R
Assets			
Current assets		70 439 466	109 979 159
Inventories	9	652 614	586 983
Trade Receivables from Exchange Transactions	10.1	54 949 767	93 433 513
Trade Receivables from Non - Exchange Transactions	10.2	5 221 857	10 740 638
Other receivables	11	1 583 541	5 130 271
Current portion of longterm receivables	12	5 896	5 838
Investments	8	7 832 476	33 786
Bank and Cash Equivalents	13,14	193 315	48 130
Non-current assets		742 409 512	736 257 006
Property, plant and equipment	7.1	713 952 839	707 975 497
Intangible assets	7.2	30 000	7 169
Investment Property	7.3	27 271 000	27 271 000
Investments	8	947 137	788 908
Long term receivables	12	208 536	214 432
Total assets		812 848 978	846 236 166
Liabilities			
Current liabilities		62 814 326	46 705 690
Consumer deposits	3	1 158 294	1 092 493
Trade and Payables from Exchange Transactions	4	43 484 361	31 863 854
VAT Payables	19	15 151 360	10 791 067
Unspent conditional grants and subsidies	5	799 866	-
Current portion of long-term liabilities	2	1 718 698	2 297 509
Operating lease Liability		501 748	650 418
Bank overdraft	14	-	10 349
Non-current liabilities		30 679 357	32 544 969
Long - term liabilities	2	5 159 846	7 025 458
Provision for rehabilitation of landfill sites	15	25 519 511	25 519 511
Total liabilities		93 493 683	79 250 659
Nett Assets		719 355 295	766 985 507
Accumulated Surplus/(Deficit)	6	719 355 295	766 985 507

MANTSOPA LOCAL MUNICIPALITY STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2 013 R	2 012 R
Revenue			
Property rates	16	11 825 394	10 761 843
Services charges	17	92 679 596	64 648 899
Investment Income	7.3	969 898	940 046
Interest earned - external investments		444 783	110 569
Interest earned - outstanding debtors		16 046 032	12 662 011
Fines		130 540	88 511
Dividends received		39 591	23 918
Licenses and permits		276	263
Government grants and subsidies	18	106 242 031	86 992 177
Other income	37.2	6 762 169	605 405
Total Revenue		235 140 309	176 833 642
EXPENDITURE			
Employee related costs	20	52 538 888	48 719 193
Remuneration of Councillors	21	4 889 440	4 270 292
Bad debts Provision	10	95 996 677	10 694 146
Repairs and maintenance		6 458 116	10 015 027
Finance Costs	22	569 594	993 516
Operating Lease		2 956 507	2 393 184
Bulk purchases		29 834 651	26 226 370
Grants and Subsidies paid		28 163 995	22 286 474
General expenses	37.1	29 244 072	26 076 155
Depreciation/Amortisation	7.	30 003 844	24 327 815
Total Expenditure		280 655 785	176 002 172
Gains on sale of property, plant and equipment		-	-
SURPLUS/(DEFICIT) FOR THE YEAR		(45 515 476)	831 470

MANTSOPA LOCAL MUNICIPALITY STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2013

	Revaluation n reserve	Capital Replacement Reserves	Total reserves	Accumalated surplus	Total net assets
Balance at 01 July 2012	0	0	0	759 306 462	759 306 462
Correction prior year period	38.3	0	0	6 563 772	6 563 772
Correction prior year period	38.6	0	0	(4 302)	-4 302
Restated Balance July 2012	0	0	0	765 865 932	765 865 932
Correction prior year period	38		0	288 106	288 106
Transfer		0	0	0	0
Change in policy	23		0	0	0
Surplus for the year		0	0	831 470	831 470
Balance at 30 June 2012	0	0	0	766 985 507	766 985 507
Correction prior year period				-2 114 737	-2 114 737
Transfer				0	0
Change in policy				0	0
Surplus for the year				-45 515 476	-45 515 476
Balance at 30 June 2013				719 355 295	719 355 295

MANTSOPA LOCAL MUNICIPALITY CASHFLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2 013 R	2 012 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers and government	33	184 959 447	145 526 514
Cash paid to suppliers and employees	34	(138 319 170)	(118 428 041)
Cash generated from / (required by) operating activities	35	46 640 277	27 098 473
Interest received		444 783	110 569
Interest paid		(569 594)	(993 516)
Dividends received		39 591	23 918
NET CASH FROM OPERATING ACTIVITIES		46 555 056	26 239 443
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(36 004 017)	(21 906 425)
Proceeds or loss with sale of assets		-	-
NET CASH FROM INVESTING ACTIVITIES		(36 004 017)	(21 906 425)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Increase) /Decrease in Investments		(7 956 919)	(326 300)
Increase / (Decrease) in Loans external		(2 444 423)	(1 246 883)
(Increase)/ Decrease in Loans to longterm debtors		5 838	5 773
NET CASH FROM FINANCING ACTIVITIES		(10 395 504)	(1 567 410)
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS		155 535	2 765 609
Cash and cash equivalents at the beginning of the year		35 026	(2 730 583)
Cash and cash equivalents at the end of the year	36	190 560	35 026
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS		155 534	2 765 609

MANTSOPA LOCAL MUNICIPALITY

ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2013

1. BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost convention, except where indicated otherwise.

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board and the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

1. 1 CHANGES IN ACCOUNTING POLICY AND COMPARABILITY

Accounting Policies have been consistently applied, except where otherwise indicated below:

For the years ended 30 June 2011, 30 June 2012 and 30 June 2013 the municipality has adopted the accounting framework as set out in point 1 above. The details of any resulting changes in accounting policy and comparative restatements are set out below.

The municipality changes an accounting policy only in the following instances:

- (a) if it is required by a Standard of GRAP; or
- (b) results in the financial statements providing reliable and more relevant information about the effects of transactions, other events or conditions on the entity's financial position, financial performance or cash flow.

1. 2 CRITICAL JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS

In the application of the municipality's accounting policies, which are described below, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements, apart from those involving estimations, that the management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

1. 2 CRITICAL JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS (continued)

1. 2. 1 *Revenue Recognition*

Accounting Policy 10.2 on *Revenue from Exchange Transactions* and Accounting Policy 10.3 on *Revenue from Non-exchange Transactions* describes the conditions under which revenue will be recorded by the management of the municipality.

In making their judgement, the management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GAMAP 9: Revenue, as far as Revenue from Non-Exchange Transactions is concerned (see Basis of Preparation above). In particular, whether the municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services is rendered, whether the service has been rendered. Also of importance is the estimation process involved in initially measuring revenue at the fair value thereof. The management of the municipality is satisfied that recognition of the revenue in the current year is appropriate.

1. 2. 2 *Financial Assets and Liabilities*

The classification of financial assets and liabilities, into categories, is based on judgement by management. Accounting Policy 6.1 on *Financial Assets Classification* and Accounting Policy 6.2 on *Financial Liabilities Classification* describe the factors and criteria considered by the management of the municipality in the classification of financial assets and liabilities.

In making the above-mentioned judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in IAS 32: *Financial Instruments - Presentation* and IAS 39: *Financial Instruments - Recognition and Measurement*.

1. 2. 3 *Impairment of Financial Assets*

Accounting Policy 6.4 on *Impairment of Financial Assets* describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in IAS 39: *Financial Instruments - Recognition and Measurement*, and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that the impairment of financial assets recorded during the year is appropriate.

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due (If longer than 60 days from billing date the full amount is impaired) and an assessment of their ability to make payments based on their creditworthiness.

1. 0 CRITICAL JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS (continued)

1. 2. 4 *Useful lives of Property, Plant and Equipment, Intangible Assets and Investment Property*

As described in Accounting Policies 3.3, 4 and 5 the municipality depreciates / amortises its property, plant and equipment, investment property and intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives of assets are based on management's estimation. Management considered the impact of technology, availability of capital funding, service requirements and required return on assets in order to determine the optimum useful life expectation, where appropriate.

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

1. 2. 5 *Impairment: Write down of Property, Plant and Equipment and Inventories*

Accounting Policy 3.9 on *PPE - Impairment of Assets* and Accounting Policy 4.2 on *Intangible Assets - Subsequent Measurement, Amortisation and Impairment* and Accounting Policy 8.2 on *Inventory - Subsequent measurement* describes the conditions under which non-financial assets are tested for potential impairment losses by the management of the municipality. Significant estimates and judgements are made relating to PPE impairment testing, Intangible assets impairment testing and write down of Inventories to the lowest of Cost and Net Realisable Values (NRV).

1. 2. 5 *Impairment: Write down of Property, Plant and Equipment and Inventories (continued)*

In making the above-mentioned estimates and judgement, management considered the subsequent measurement criteria and indicators of potential impairment losses as set out in GRAP 21: Impairment of Cash generating Assets and GRAP 26: Impairment of non-Cash generating Assets. In particular, the calculation of the recoverable service amount for PPE and intangible assets and the NRV for inventories involves significant judgment by management.

1. 2. 6 *Water inventory*

The estimation of the water stock in the reservoirs is based on the measurement of water via dip stick measurements, which determines the depth of water in the reservoirs, which is then converted into volumes based on the total capacity of the reservoir. Refer to Note 10 of the accounting policy notes to the Annual Financial Statements.

1. 2. 7 *Defined Benefit Plan Liabilities*

As described in Accounting Policy 13, the municipality obtains actuarial valuations of its defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of IAS 19. No Liabilities existed at year end.

1. 2. 8 Provisions and Contingent Liabilities

Provision for Rehabilitation of Refuse Landfill Sites

1. 2. 9 Budget information

Deviations between budget and actual amounts are regarded as material differences when a 5% deviation exists. All material differences are explained in the notes to the annual financial statements.

1. 3 PRESENTATION CURRENCY

The Annual Financial Statements are presented in South African Rand, rounded off to the nearest Rand, which is the municipality's functional currency.

1. 4 GOING CONCERN ASSUMPTION

The Annual Financial Statements have been prepared on a going concern basis.

1. 5 OFFSETTING

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

1. 6 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18 Segment Reporting - issued March 2005

GRAP 20 Related Party Disclosures (Revised)

GRAP 25 Employee Benefits - issued December 2009

GRAP 105 Transfers between entities under common control - issued November 2010

GRAP 106 Transfers between entities not under common control - issued November 2010

GRAP 107 Mergers - issued November 2010

All other standards as listed above will only be effective when a date is announced by the Minister of Finance.

The ASB Directive 5 paragraph 29 sets out the principles for the application of the GRAP 3 guidelines in the determination of the GRAP Reporting Framework hierarchy, as set out in the standard of GRAP 3 on Accounting Policies, Changes in Accounting Estimates and Errors.

Where a standard of GRAP is approved as effective, it replaces the equivalent statement of International Public Sector Accounting Standards Board, International Financial Reporting Standards or Generally Accepted Accounting Principles. Where a standard of GRAP has been issued, but is not yet in effect, an entity may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event before applying paragraph .12 of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

The Municipality applied the principles established in the following Standards of GRAP that have been issued, but is not yet in effect, in developing an appropriate accounting policies dealing with the following transactions, but have not early adopted these Standards:

Management has considered all of the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.

AS an alternative the following disclosure can be included instead

GRAP 18 - Segment Reporting

GRAP 20 – Related party disclosures

GRAP 25 – Employee Benefits

GRAP 105 – Transfer of Function Between Entities Under common Control

GRAP 106 – Transfer of Function Between Entities Not Under common Control

GRAP 107 – Mergers

2. ACCUMULATED SURPLUS

Included in the accumulated surplus of the municipality, are the following reserves that are maintained in terms of specific requirements:

3. PROPERTY, PLANT AND EQUIPMENT

3. 1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

3. 2 Subsequent Measurement

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all property plant and equipment, land and building and including for Infrastructure Assets, are measured at cost, less accumulated depreciation and accumulated impairment losses.

Infrastructure assets are stated at the depreciated replacement cost.

Subsequent to initial recognition, land and buildings are carried at a revalued amount based on municipal valuations, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed by external independent valuers with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the Statement of Financial Position date. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

An increase in the carrying amount of land and buildings as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation.

When revalued assets are sold or retired, the amounts included in the revaluation reserve in respect of that assets, are transferred to accumulated surplus or deficit.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

3. PROPERTY, PLANT AND EQUIPMENT (continued)

3. 3 Depreciation

Land is not depreciated as it is regarded as having an unlimited life. Depreciation on assets other than land is calculated on cost, using the straight line method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The depreciation rates are based on the following estimated useful lives.

Depreciation only commences when the asset is available for use, unless stated otherwise.

	Years		Years
Infrastructure		Buildings	100
Roads and Paving	45-50		
Electricity	45 - 50	Other	
Water	15-100	Specialist Vehicles	5-20
Sewerage	15-100	Other Vehicles	5-10
Landfill Sites	10-65	Office Equipment	3-7
		Furniture and Fittings	7-10
Community		Other items of plant And Equipment	2-5
Recreational Facilities	15-60	Specialised Plant and Equipment	10-15

The assets' residual values, estimated useful lives and depreciation method are reviewed annually, and adjusted prospectively if appropriate, at each reporting date.

3. 4 Incomplete Construction Work

Incomplete construction work is stated at historical cost. Depreciation only commences when the asset is available for use.

3. 5 Finance Leases

Assets capitalised under finance leases are depreciated over their expected useful lives on the same basis as PPE controlled by the entity or where shorter, the term of the relevant lease if there is no reasonable certainty that the municipality will obtain ownership by the end of the lease term.

3. 6 Land

Land is not depreciated as it is deemed to have an indefinite useful life.

3. 7 Infrastructure Assets

Infrastructure Assets are any assets that are part of a network of similar assets. Infrastructure assets are shown at cost less accumulated depreciation and accumulated impairment. Infrastructure assets are treated similarly to all other assets of the municipality in terms of the asset management policy.

3. 8 Derecognition of property, plant and equipment

The carrying amount of an item of property, plant and equipment is derecognised on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are not classified as revenue.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated depreciation and accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of property, plant and equipment.

Transitional provisions

The estimated useful lives and depreciation methods have been reviewed for the year ended 30 June 2013 (and applied retrospectively where practicable), and any changes therein have been implemented in accordance with the requirements of GRAP 17, GRAP 3 and ASB Directive 4.

4. HERITAGE ASSETS

Currently the municipality have no heritage assets.

5 INTANGIBLE ASSETS

5 1 Initial Recognition

Identifiable non-monetary assets without physical substance are classified and recognised as intangible assets. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life, not exceeding five years. Development assets are tested for impairment annually, in accordance with GRAP 21 / GRAP 26.

Intangible assets are initially recognised at cost. The cost of an intangible asset is the purchase price and other costs attributable to bring the intangible asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality, or where an intangible asset is acquired at no cost, or for a nominal cost, the cost shall be its fair value as at the date of acquisition. Trade discounts and rebates are deducted in arriving at the cost. Intangible assets acquired separately or internally generated are reported at cost less accumulated amortisation and accumulated impairment losses. The cost of an intangible asset acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up. If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

5 INTANGIBLE ASSETS (continued)

5 2 Subsequent Measurement, Amortisation and Impairment

After initial recognition, an intangible asset are carried at its cost less any accumulated amortisation and any accumulated impairment losses.

After initial recognition, intangible assets are carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated amortisation and any subsequent accumulated impairment losses. If the intangible asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to the revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same intangible asset previously recognised in surplus or deficit.

Expenditure on an intangible item that was initially recognised as an expense shall not be recognised as part of the cost of an intangible asset at a later date.

In terms of GRAP 102, intangible assets are distinguished between internally generated intangible assets and other intangible assets. It is further distinguished between indefinite or finite useful lives. Amortisation is charged on a straight-line basis over the intangible assets' useful lives (when the intangible asset is available for use), which are estimated to be between 3 to 5 years, the residual value of assets with finite useful lives is zero, unless an active market exists. Where intangible assets are deemed to have an indefinite useful life, such intangible assets are not amortised, however such intangible assets are subject to an annual impairment test. The useful lives per category of intangible assets are detailed below:

<i>Intangible asset</i>	Years
Software	3

Intangible assets are annually tested for impairment, including intangible assets not yet available for use. Where items of intangible assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified except where the impairment reverses a previous revaluation. The impairment loss is the difference between the carrying amount and the recoverable amount.

The estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

5 3 Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the net disposals proceeds and the carrying value and is recognised in the Statement of Financial Performance.

5 4 Transitional provisions

Intangible assets recognised in terms of GRAP 102 have been presented for the financial year ended 30 June 2011 (and retrospectively where practicable) in accordance with the requirements of GRAP 102, GRAP 3 and ASB Directive 4.

6. INVESTMENT PROPERTY

6. 1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

Based on management's judgement, the following criteria have been applied to distinguish investment properties from owner occupied property or property held for resale:

- All properties held to earn market-related rentals or for capital appreciation or both and that are not used for administrative purposes and that will not be sold within the next 12 months are classified as Investment Properties;
- Land held for a currently undetermined future use. (If the Municipality has not determined that it will use the land as owner-occupied property or for short-term sale in the ordinary course of business, the land is regarded as held for capital appreciation);
- A building owned by the entity (or held by the entity under a finance lease) and leased out under one or more operating leases (this will include the property portfolio rented out by the Housing Board on a commercial basis on
- A building that is vacant but is held to be leased out under one or more operating leases on a commercial basis to external parties.

The following assets do not fall in the ambit of Investment Property and shall be classified as Property, Plant and Equipment, Inventory or Non-Current Assets Held for Sale, as appropriate:

- Property intended for sale in the ordinary course of operations or in the process of construction or development for such sale;
- Property being constructed or developed on behalf of third parties;
- Owner-occupied property, including (among other things) property held for future use as owner-occupied property, property held for future development and subsequent use as owner-occupied property, property occupied by employees such as housing for personnel (whether or not the employees pay rent at market rates) and owner-occupied property awaiting disposal;
- Property that is being constructed or developed for future use as investment property;
- Property that is leased to another entity under a finance lease;
- Property held to provide a social service and which also generates cash inflows, e.g. property rented out below market rental to sporting bodies, schools, low income families, etc; and
- Property held for strategic purposes or service delivery.

6.2 Subsequent Measurement - Fair Value Model

Investment property is measured using the fair value model. Investment property is carried at fair value, representing open market value determined by external valuers at the date of the last general valuation (1 July 2009). Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. A gain or loss arising from a change in the fair value of investment property is included in surplus or deficit for the period in which it arises.

6. INVESTMENT PROPERTY (continued)

6.3 Derecognition

An investment property shall be derecognised (eliminated from the statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

6.4 Transitional Provisions

Investment properties recognised in terms of GRAP 16 have been presented for the financial year ended 30 June 2011 (and retrospectively where practicable) in accordance with the requirements of GRAP 16, GRAP 3 and ASB Directive 4.

7. IMPAIRMENT OF ASSETS

The entity classifies all assets held with the primary objective of generating a commercial return as cash-generating assets. All other assets are classified as non-cash-generating assets.

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the individual asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The best evidence of fair value less cost to sell is the price in a binding sale agreement in an arms length transaction, adjusted for the incremental cost that would be directly attributable to the disposal of the asset”

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

7. 2 Impairment of Non-Cash generating assets

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use. The value in use for a non-cash generating asset is the present value of the asset's remaining service potential.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for non cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

8. FINANCIAL INSTRUMENTS

The municipality has various types of financial instruments and these can be broadly categorised as either financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual agreement. The municipality only recognises a financial instrument when it becomes a party to the contractual provisions of the instrument.

Initial recognition

Fair value methods and assumptions

The effective interest rate method

Amortised cost

8. 1 Financial Assets - Classification

A financial asset is any asset that is a cash or contractual right to receive cash.

In accordance with IAS 39.09 the Financial Assets of the municipality are classified as follows into the four categories allowed by this standard:

Loans and Receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets. Loans and receivables are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. After initial recognition Financial Assets are measured at amortised cost, using the effective interest rate method less a provision for impairment.

Held-to-Maturity Investments are financial assets with fixed or determinable payments and fixed maturity where the municipality has the positive intent and ability to hold the investment to maturity.

Financial assets at fair value through profit or loss are financial assets that meet either of the following conditions:

- they are classified as held for trading; or
- upon initial recognition they are designated as at fair value through the Statement of Financial Performance.

Available for sale investments are financial assets that are designated as available for sale or are not classified as:

- Loans and Receivables;
- Held-to-Maturity Investments; or
- Financial assets at fair value through profit and loss

8. 2 Financial Assets - Classification

The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the notes thereto:

Type of Financial Asset	Classification in terms of IAS 39.09
Short-term Investment Deposits – Call	Held-to-maturity investments
Bank Balances and Cash	Loans and receivables
Long-term Receivables	Loans and receivables
Consumer Debtors	Loans and receivables
Other Debtors	Loans and receivables
Investments in Fixed Deposits	Held-to-maturity investments

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

8. 2 Financial Liabilities - Classification

A financial liability is a contractual obligation to deliver cash or another financial asset to another entity. The municipality has the following types of financial liabilities as reflected on the face of the Statement of Financial Position or in the notes thereto:

▪ Long-term Liabilities	Other financial liabilities (Financial liabilities)
▪ Certain Other Creditors	Other financial liabilities (Financial liabilities)
▪ Bank Overdraft	Other financial liabilities (Financial liabilities)
▪ Short-term loans	Other financial liabilities (Financial liabilities)
▪ Consumer Deposits	Financial liabilities at fair value through profit and lo

There are three main categories of *Financial Liabilities*, the classification determining how they are measured. Financial liabilities may be measured at:

- (i) Fair value through profit or loss; or
- (ii) Other financial liabilities (Financial liabilities measured at amortised cost)
- (iii) Financial guarantee contract

Financial liabilities that are measured at fair value through profit or loss are financial liabilities that are essentially held for trading (i.e. purchased with the intention to sell or repurchase in the short term; derivatives other than hedging instruments or are part of a portfolio of financial instruments where there is recent actual evidence of short-term profiteering or are derivatives).

Any other financial liabilities are classified as "Other financial liabilities" in accordance with IAS 39.09

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdrafts are expensed as incurred.

8. 3 Initial and Subsequent Measurement

8. 3. 1 Financial Assets:

Held-to-maturity Investments are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with revenue recognised on an effective yield basis.

Financial assets at fair value through profit or loss are initially and subsequently recognised at fair value and changes in fair value recognised directly through profit or loss.

Loans and Receivables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these assets are measured at amortised cost using the Effective Interest Method less any impairment, with interest recognised on an effective yield basis. .

Available-for-Sale Financial Assets are initially measured at fair value plus directly attributable transaction costs. They are subsequently measured at fair value with unrealised gains or losses recognised directly in equity until the investment is derecognised, at which time the cumulative gain or loss recorded in equity is recognised in the statement of financial performance, or determined to be impaired, at which time the cumulative loss recorded in equity is recognised in the statement of financial performance.

Financial liabilities

Financial liabilities that are measured at fair value through profit or loss are measured at fair value through profit or loss are stated at fair value, with any resulted gain or loss recognised in the Statement of Financial Performance.

Financial Liabilities held at amortised cost

Any other financial liabilities are classified as "Other financial liabilities" (All payables, loans and borrowings are classified as Prepayments are carried at cost less any accumulated impairment losses.

Financial guarantee contract

Financial guarantee contracts represent contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when they are contractually due.

8. 4 Impairment of Financial Assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence of impairment of Financial Assets (such as the probability of insolvency or significant financial difficulties of the debtor). If there is such evidence the recoverable amount is estimated and an impairment loss is recognised in accordance with IAS 39.

Available-for-sale financial assets

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in net assets and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in net assets shall be removed and recognised in the Statement of Financial Performance even though the financial asset has not been derecognised.

Financial assets carried at amortised cost

Accounts receivables encompass long term debtors, consumer debtors and other debtors.

Initially Accounts Receivable are valued at fair value and subsequently carried at amortised cost using the effective interest rate method. An estimate is made for doubtful debt based on past default experience of all outstanding amounts at year-end. Bad debts are written off the year in which they are identified as irrecoverable. Amounts receivable within 12 months from the date of reporting are classified as current.

8. 4 Impairment of Financial Assets (continued)

A provision for impairment of accounts receivables is established all residential debts 180 days and older, as it is not likely to recover that income. The following accounts are excluded : all business accounts, government accounts, farms and indigent accounts. Therefore, it is only residential accounts excluding indigents outstanding for more than 180 days. The amount of the provision is the difference between the financial asset's carrying amount and the present value of estimated future cash flows. Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group. Cash flows relating to short-term receivables are not discounted where the effect of discounting is immaterial.

With the exception of Available-for-Sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Financial Performance to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

The municipality derecognises Financial Assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity, except when Council approves the write-off of Financial Assets due to non recoverability.

If the municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

8. 6 Derecognition of Financial Liabilities

The municipality derecognises Financial Liabilities when, and only when, the municipality's obligations are discharged, cancelled or they expire.

The municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

9 INVENTORIES

9 1 Initial Recognition

Inventories comprise current assets held for sale, current assets for consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Direct costs relating to properties that will be sold as inventory are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

9 2 Subsequent Measurement

Consumable stores, raw materials, work-in-progress and finished goods

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value (net amount that an entity expects to realise from the sale on inventory in the ordinary course of business). In general, the basis of determining cost is the weighted average cost of commodities. If inventories are to be distributed at no charge or for a nominal charge they are valued at the lower of cost and current replacement cost.

Water inventory

Water is regarded as inventory when the municipality purchases water in bulk with the intention to resell it to the consumers or to use it internally, or where the municipality has incurred purification costs on water obtained from natural resources (rain, rivers, springs, boreholes etc.). However, water in dams, that are filled by natural resources and that has not yet been treated, and is under the control of the municipality but can not be measured reliably as there is no cost attached to the water, and it is therefore not recognised in the statement of financial position.

Unsold properties

Unsold properties are valued at the lower of cost and net realisable value on a weighted average cost basis. Direct costs are accumulated for each separately identifiable development. Cost also includes a portion of overhead costs, if this relates to development.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

Transitional provisions

The net realisable value of inventory recognised in terms of GRAP 12 have been disclosed for the financial year ended 30 June in accordance with the requirements of GRAP 12, GRAP 3 and ASB Directive 4.

10. NON-CURRENT ASSETS HELD-FOR-SALE

10. 1 Initial Recognition

Non-current Assets and Disposal Groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

10. 2 Subsequent Measurement

Non-current Assets (and Disposal Groups) classified as held-for-sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

The gain or loss on the eventual sale of non-current assets held for sale is included in the Statement of Financial Performance as gain or loss on sale of assets. The gain or loss on the eventual sale of non-current assets held for sale, is calculated on the difference between the net disposal proceeds and the carrying amount of the individual asset or the disposal group.

11. REVENUE RECOGNITION

11. 1 General

Revenue, excluding value-added taxation where applicable, is derived from a variety of sources which include rates levied, grants from other tiers of government and revenue from trading activities and other services provided. Revenue is recognised when it is probable that future economic benefits or service potential will flow to the municipality and these benefits can be measured reliably, except when specifically stated otherwise.

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Furthermore services rendered are recognised by reference to the stage of completion of the transaction at the reporting date.

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

11. 2. 1 Service Charges

Service charges relating to solid waste, sanitation and sewage are levied in terms of the approved tariffs.

Service charges relating to electricity and water are based on consumption. Meters are normally read on a monthly basis and are recognised as revenue when invoiced. Where meters are not read monthly, provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption up to year-end are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Service charges from sewerage and sanitation are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved by Council and are levied monthly.

In circumstances where services cannot readily be measured and quantified, a flat rate service charge is levied monthly on such properties.

11. 2. 2 Pre-paid Electricity

Revenue from the sale of electricity pre-paid meter cards are recognised at the point of sale. An adjustment for an unutilised portion is made at year-end based on the average consumption history.

11. 2. 3 Finance income

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

Interest earned on the following investments is not recognised in the Statement of Financial Performance:

- Interest earned on trust funds is allocated directly to the fund.
- Interest earned on unutilised conditional grants is allocated directly to the creditor: unutilised conditional grants, if the grant conditions indicate that interest is payable to the funder.

11. 2. 4 Tariff Charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licences and permits.

11. 2. 5 Income from Agency Services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

11. 2. 6 Sale of Goods (including Houses)

Revenue from the sale of goods is recognised when all the following conditions have been met:

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

11. 2. 6 Rentals

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the municipality becomes entitled to receive the dividend in accordance with the substance of the relevant agreement, where applicable.

11. 2. 8 *Royalties*

Royalties are recognised on an accrual basis in accordance with the substance of the relevant agreement. Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

11. 3 *Revenue from Non-exchange Transactions*

An inflow of resources from a non-exchange transaction, that meets the definition of an asset shall be recognised as an asset when it is probable that the future economic benefits or service potential associated with the asset will flow to the municipality and the fair value of the asset can be measured reliably. The asset shall be recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

A present obligation arising from a non-exchange transaction that meets the definition of a liability will be recognised as a liability when it is probable that an outflow of economic benefit will be required to settle the obligation and a reliable estimate of the amount can be made.

11. 3. 1 *Rates and Taxes*

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

11. 3. 2 *Fines*

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with management's best estimate of the probable inflows from the amounts not yet collected.

11. 3. 3 *Public contributions*

Donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Revenue from public contributions is recognised when all conditions associated with the contribution have been met or

11. 3. 4 *Government Grants and receipts*

Equitable share allocations are recognised in revenue at the start of the financial year if no time-based restrictions exist.

Conditional Grants and receipts

Income received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

Conditional grants and receipts of a capital nature

Conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the criteria, conditions or obligations have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the municipality with no future related costs are recognised in the Statement of Financial Performance in the period in which they become receivable.

Revenue is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment are brought into use.

11. 3. 5 Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain. Such revenue is based on legislated procedures.

12. PROVISIONS

Provisions for environmental restoration, rehabilitation, restructuring costs and legal claims are recognised when the municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the obligation.

The best estimate of the expenditure required to settle the present obligation is the amount that an entity would rationally pay to settle the obligation at the reporting date or to transfer it to a third party at that time and are determined by the judgment of the management of the entity, supplemented by experience of similar transactions and, in some cases, reports from independent experts. The evidence considered includes any additional evidence provided by events after the reporting date. Uncertainties surrounding the amount to be recognised as a provision are dealt with by various means according to the circumstances. Where the provision being measured involves a large population of items, the obligation is estimated by weighting all possible outcomes by their associated probabilities.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it - this unavoidable cost resulting from the

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

Provision for Restructuring cost

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken;
 - when the plan will be implemented; and;
- (b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Environmental rehabilitation provisions

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the Entity's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are charged to the Statement of Financial Performance.

13. EMPLOYEE BENEFITS

13. 1 Short-term Employee Benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The municipality treats its provision for leave pay as an accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

13. 2 Post employment benefits

The municipality provides retirement benefits for its employees and councillors, and has both defined benefit and defined contribution post employment plans.

A **defined contribution plan** is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

13. 3 Defined Benefit Plans

A **defined benefit plan** is a post-employment benefit plan other than a defined contribution plan.

13. 3. 1 *Post-retirement Health Care Benefits:*

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out every year by independent qualified actuaries.

Actuarial gains or losses are accounted for using the "*corridor method*". Actuarial gains and losses are eligible for recognition in the Statement of Financial Performance to the extent that they exceed 10 per cent of the present value of the gross defined benefit obligations in the scheme at the end of the previous reporting period. Actuarial gains and losses exceeding 10 per cent are spread over the expected average remaining working lives of the employees participating in the scheme.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

13. 3. 2 *Long-service Allowance*

The municipality has an obligation to provide Long-service Allowance Benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current Conditions of Service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 5, 10, 15, 20, 25 and 30 years of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

The municipality contributes to various National- and Provincial-administered Defined Benefit Plans on behalf of its qualifying employees. These funds are multi-employer funds (refer to Note 47 of the Annual Financial Statements for details). The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. These defined benefit funds are actuarially valued triennially on the Projected Unit Credit Method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

13. 3. 4 *Defined benefit pension plans*

The municipality has an obligation to provide Post-retirement pension Benefits to certain of its retirees. Pension contributions in respect of employees who were not members of a pension fund are recognised as an expense when incurred. Staff provident funds are maintained to accommodate personnel who, due to age, cannot join or be part of the various pension funds. The Entity contributes monthly to the funds.

A liability will be recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. No such liability existed at 30 June 2012. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains or losses are accounted for using the “corridor method”. Actuarial gains and losses are eligible for recognition in the Statement of Financial Performance to the extent that they exceed 10 per cent of the present value of the gross defined benefit obligations in the scheme at the end of the previous reporting period. Actuarial gains and losses exceeding 10 per cent are spread over the expected average remaining working lives of the employees participating in the scheme.

14. LEASES

Lease Classification

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality.

Leases of property, plant and equipment, in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

14. 1 The Municipality as Lessee

Finance leases

Where the Municipality enters into a finance lease, Property, plant and equipment or Intangible Assets subject to finance lease agreements are capitalised at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Corresponding liabilities are included in the Statement of Financial Position as Finance Lease Liabilities. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases

The municipality recognises operating lease rentals as an expense in the statement of financial performance on a straight-line basis over the term of the relevant lease. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Operating lease rental income is recognised on a straight-line basis over the term of the relevant lease.

14 2 Determining whether an arrangement contains a lease

At inception of an arrangement, the Municipality determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Municipality the right to control the use of the underlying asset. At inception or upon reassessment of the arrangement, the Municipality separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Municipality concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Municipality's incremental borrowing rate.

15. BORROWING COSTS

The municipality capitalises borrowing costs incurred that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset only when the commencement date for capitalisation is on or after 1 July 2008, while all other borrowing costs incurred (including borrowing cost incurred on qualifying assets where the commencement date for capitalisation is prior to 1 July 2008) are recognised as an expense in the Statement of Financial Performance for the financial year ending 30 June 2011 in accordance with the requirements of GRAP 5 and ASB Directive 4. To the extent that an entity borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the entity shall determine the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate shall be the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs that an entity capitalises during a period shall not exceed the amount of borrowing costs it incurred during that period.

The municipality ceases to capitalise borrowing costs when substantially all the activities necessary to prepare the qualifying assets for its intended use has been completed. Where the construction of the qualifying asset is completed in parts and each part is capable of being used while construction continues on other parts, the entity shall cease capitalising borrowing costs when it completes substantially all the activities necessary to prepare that part.

GRANTS-IN-AID

The municipality transfers money to individuals, organisations and other sectors of government from time to time. When making these transfers, the municipality does not:

- receive any goods or services directly in return, as would be expected in a purchase or sale transaction;
- expect to be repaid in future; or
- expect a financial return, as would be expected from an investment.

These transfers are recognised in the Statement of Financial Performance as expenses in the period that the events giving rise to the transfer occurred.

16 VALUE ADDED TAX

The Municipality is registered with SARS for VAT on the payments basis, in accordance with Sec15(2)(a) of the Value-Added Tax Act No 89 of 1991.

17. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003). All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

18. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No 56 of 2003), the Municipal Systems Act (Act No 32 of 2000), the Public Office Bearers Act (Act No 20 of 1998) or is in contravention of the Municipality's or Municipal Entities' supply chain management policies. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as an expense in the Statement of Financial Performance in the period it occurred and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

19. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance. If the expenditure is not condoned by the Council it is treated as an asset until it is recovered or written off as irrecoverable.

20. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to note 35 for details of changes in accounting policies.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of changes in estimates are disclosed in the notes to the annual financial statements where applicable.

20. CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

Correction of errors is applied retrospectively in the period in which the error has occurred in accordance with GRAP 3 requirements, except to the extent that it is impracticable to determine the period-specific effects or the cumulative effect of the error. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable. Refer to Note 36 to the Annual Financial Statements for details of corrections of errors recorded during the period under review.

21. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

22. EVENTS AFTER THE REPORTING DATE

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

23. FOREIGN CURRENCIES

Transactions in foreign currencies are initially recorded at the prevailing exchange rate on the dates of the transactions. Monetary assets and liabilities denominated in such foreign currencies are retranslated at the rates prevailing at the reporting date. Exchange differences are included in the Statement of Financial Performance.

23. COMPARATIVE INFORMATION

23. 1 Current year comparatives:

Budgeted amounts have, in accordance with GRAP 1, been provided to these financial statements and forms part of the Annual Financial Statements.

23. 2 Prior year comparatives

When the presentation or classification of items in the Annual Financial Statements is amended, prior period comparative amounts are reclassified. The nature and reasons for the reclassification are disclosed.

23. 3 Budget Information

The annual budget figures have been prepared in accordance with the GRAP standard and are consistent with the accounting policies adopted by the Council for the preparation of these financial statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the notes to the annual financial statements giving firstly reasons for overall growth or decline in the budget and secondly motivations for over- or underspending on line items. The annual budget figures included in the financial statements are for the Municipality and do not include budget information relating to subsidiaries or associates. These figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated development plan.

24. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent liabilities represent a possible obligation that arises from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability can also arise as a result of a present obligation that arises from past events but which is not recognised as a liability either because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in the notes to the annual financial statements

25. TREATMENT OF ADMINISTRATION AND OTHER OVERHEAD EXPENSES

The costs of internal support services are transferred to the various services and departments to whom resources are made available.

26 CAPITAL COMMITMENTS

Items are classified as commitments where the Municipality commits itself to future transactions that will normally result in the outflow of resources.

Capital commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes in the following cases:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by a specific standard of GRAP.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.
- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.
- Other commitments for contracts are be non-cancellable or only cancellable at significant cost contracts should relate to something other than the business of the municipality.

MANTSOPA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

								2 013	2 012
								R	R
1 RESERVES									
Capital Replacement Reserve								-	-
Transfer to accumulated surplus								-	-
Total Reserves								-	-
2 LONG TERM LIABILITIES									
Institution	Amount taken up	Date taken up	Period	Interest rate	Repayment amount	Securities	Outstanding 2013	Outstanding 2012	
DBSA	6 683 189	2003	10Year	14.00%	916 616 12	None	550 276	1 883 064	
DBSA	520 000	1997	20Year	16.32%	1 774 255	None	186 646	224 879	
DBSA	5 180 000	2011	10Year	6.75%	5 711 941	None	4 324 995	4 808 061	
DBSA	2 730 000	2010	5Year	6.75%	4 757 205	None	1 754 888	2 311 311	
ABSA	296 500	1984	30Year	16.00%	695 308	None	61 740	95 653	
Less: Current portion transferred to current liabilities							(1 718 698)	(2 297 509)	
Total	15 409 689				25 555 624		5 159 846	7 025 458	
Refer to Appendix F for more detail on long-term liabilities.									
3 CONSUMER DEPOSITS									
Consumer accounts							1 158 294	1 092 493	
							1 158 294	1 092 493	
No guarantees are kept in lieu of electricity deposits.									
4 TRADE AND PAYABLES FROM EXCHANGE TRANSACTIONS									
Trade Payables							23 907 278	2 718 403	
Sundry Payables							88 606	88 606	
Hall Deposits							-	2 000	
Creditor payments not on bank statement							-	7 505 523	
Payments received in advance							4 737 653	1 952 324	
Accruals for creditors							2 456 617	10 973 143	
Provision 13th cheque							1 098 524	1 146 892	
Interest accrual							-	56 937	
Salary controls							-	2 187 677	
PAYE Payable							1 790 277	731 724	
Unknown deposits							695 170	-	
Loan repayment							103 434	-	
Unpaid Third parties							1 688 682	-	
Retention money							1 262 595	-	
Leave Accrual							5 655 524	4 500 624	
Total Creditors							43 484 361	31 863 854	
5 UNSPENT CONDITIONAL GRANTS AND SUBSIDIES							799 866	-	
Total Conditional Grants and Receipts							799 866	-	
6 Accumulated surplus / (deficit)									
Opening balance							#REF!	759 306 462	
Prior year corrections							(2 114 737)	#REF!	
Transfer from Capital Replacement reserve							-	-	
Prior year corrections (Note 38)							-	288 106	
Current year surplus/(loss)							(45 515 476)	831 470	
Total accumulated surplus/(loss)							#REF!	#REF!	

MANTSOPA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

7.1 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of Carrying Value

30 June 2012

Description	Land and Buildings	Infrastructure	Community	Other	Total
	R	R	R	R	R
Carrying values at 01 July 2011	98 997 940	589 129 910	7 878 160	15 527 609	711 533 619
Cost	106 682 753	773 321 916	9 613 742	21 125 781	910 744 192
- Completed Assets	106 682 753	762 098 149	9 613 742	21 125 781	899 520 425
- Under Construction	-	11 223 767	-	-	11 223 767
Accumulated Depreciation:	(7 684 813)	(184 192 006)	(1 735 582)	(5 598 172)	(199 210 573)
- Cost	(7 684 813)	(184 192 006)	(1 735 582)	(5 598 172)	(199 210 573)
Acquisitions	-	8 831 444	627 602	2 304	10 627 873
Capital under Construction Additions	-	11 278 552	-	-	11 278 552
Depreciation	(944 508)	(20 299 056)	(210 689)	(2 843 771)	(24 298 024)
- Based on Cost	(944 508)	(20 299 056)	(210 689)	(2 843 771)	(24 298 024)

Carrying values at 01 July 2012	98 053 432	588 940 850	8 295 073	12 686 142	707 975 497
Cost	106 682 753	793 431 911	10 241 344	21 128 085	931 484 094
- Completed Assets	106 682 753	770 929 593	10 241 344	21 128 085	910 148 298
- Under Construction	-	22 502 319	-	-	22 502 319
Accumulated Depreciation:	(8 629 321)	(204 491 062)	(1 946 271)	(8 441 943)	(223 508 597)
- Cost	(8 629 321)	(204 491 062)	(1 946 271)	(8 441 943)	(223 508 597)

30 June 2013

Description	Land and Buildings	Infrastructure	Community	Other	Total
	R	R	R	R	R
Carrying values at 01 July 2012	98 053 432	588 940 850	8 295 073	12 686 142	707 975 497
Cost	106 682 753	793 431 911	10 241 344	21 128 085	931 484 094
- Completed Assets	106 682 753	770 929 593	10 241 344	21 128 085	908 981 775
- Under Construction	-	22 502 319	-	-	22 502 319
Accumulated Depreciation:	(8 629 321)	(204 491 062)	(1 946 271)	(8 441 943)	(223 508 597)
- Cost	(8 629 321)	(204 491 062)	(1 946 271)	(8 441 943)	(223 508 597)
Acquisitions	-	8 995 939	-	2 003 112	10 999 051
Donations	-	-	-	6 103 696	6 103 696
Capital under Construction Additions	763 286	18 107 984	-	-	18 871 270
Depreciation	(352 380)	(26 445 004)	(193 755)	(29 996 675)	(56 987 814)
- Based on Cost	(352 380)	(26 445 004)	(193 755)	(29 996 675)	(56 987 814)
Carrying values at 01 July 2013	98 464 338	589 599 769	8 101 318	(9 203 725)	686 961 700
Cost	107 446 039	820 535 834	10 241 344	29 234 893	967 458 111
- Completed Assets	106 682 753	779 925 532	10 241 344	29 234 893	926 084 522
- Under Construction	763 286	40 610 302	-	-	41 373 589
Accumulated Depreciation:	(8 981 701)	(230 936 066)	(2 140 026)	(38 438 618)	(280 496 411)
- Cost	(8 981 701)	(230 936 066)	(2 140 026)	(38 438 618)	(280 496 411)

7.2 Intangible assets

Opening balance 01 July 2012	7 169	36 960
Additions	30 000	-
Depreciation	(7 169)	(29 791)
Carrying amount	30 000	7 169

Intangible assets relate to the Windows server installed on the Municipality's system.

MANTSOPA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

7.3 Investment Property

The movement in Investment Property is reconciled as follows:

	2 013	2 012
Carrying values at 1 July	27 271 000	27 271 000
Fair Value	27 271 000	27 271 000
Net Gains / (Losses) from Fair Value Adjustments	-	-
Carrying values at 30 June	27 271 000	27 271 000
Fair Value	27 271 000	27 271 000
Estimated Fair Value of Investment Property at 30 June 2013	27 271 000	27 271 000
Investment income from investment property	969 898	940 046

The municipality has identified and measured all Investment Property in terms of GRAP 16 for the financial year ended 30 June 2013. The balances of the Investment Property have been accordingly restated retrospectively. In 2010/11 the following classes of assets were not recognised/measured in accordance with GRAP 16:

- Land

Investment Property has been restated to correctly disclose the properties held as Investment Property in terms of GRAP 16. Refer to Note 38.1 on "Correction of Error" for details of the restatement.

All of the municipality's Investment Property is held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality.

There are no contractual obligations on Investment Property.

8 INVESTMENTS

Listed		
Old Mutual Shares	108 464	59 606
Total Listed	108 464	59 606
Unlisted		
OVK LOAN B	134 438	134 438
OVK LOAN D	137 396	137 396
OVK Preference shares	1 067	1 067
OVK Ordinary shares	473 055	372 137
Total Unlisted	745 957	645 038
Financial Instruments		
Collateral investment FNB	92 716	84 263
Standard Bank	109	104
ABSA Surplus money	1 000	7 959
Absa Mig Funds	4 908 019	3 914
Absa INEG Funds	2 900 523	-
Short- term Investments ABSA Advantage	22 826	21 808
Total Cash Investments	7 925 191	118 049
Total Investments	8 779 612	822 694
Current assets	7 832 476	33 786
Non current Assets	947 137	788 908
	8 779 612	822 694
Fixed deposits are for periods which are less than 12 months but greater than three months.		
Management's Valuation of Unlisted Investments		
Cost	745 957	645 038

9 INVENTORIES

Consumable stores – at cost	502 876	437 246
Water	149 737	149 737
Total Inventory	652 614	586 983

MANTSOPA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

10.1 Trade Receivables from Exchange Transactions			
	Gross balances	Provision for bad debts	Balance
As at 30 June 2012			
Service receivables			
Electricity	9 253 331	3 465 281	5 788 050
Water	47 889 244	18 393 552	29 495 692
Sewerage	51 460 673	19 765 285	31 695 388
Refuse	26 590 758	10 213 118	16 377 640
Other	13 190 820	5 066 399	8 124 421
Total	148 384 825	56 903 635	91 481 191
Plus credit balances			1 952 324
Total consumer receivables			93 433 513
As at 30 June 2013			
Service receivables			
Electricity	12 554 991	4 342 555	8 212 436
Water	78 148 804	55 440 740	22 708 064
Sewerage	62 772 870	53 109 659	9 663 212
Refuse	32 604 135	26 943 235	5 660 900
Other	14 210 317	10 242 815	3 967 502
Total	200 291 118	150 079 004	50 212 114
Plus: accounts with credit balances			4 737 653
Total consumer receivables			54 949 767
Provisions for bad debts			86 477 493
Debtors Age Analysis		2 013	2 012
Electricity			
Current (0 – 30 days)		707 425	360 009
31 - 60 Days		928 708	474 905
61 - 90 Days		1 541 686	355 902
91 - 120 Days		454 889	277 273
121 - 365 Days		276 421	2 158 592
+ 365 Days		8 645 862	4 837 741
Total		12 554 991	8 464 422
Water			
Current (0 – 30 days)		3 130 325	1 889 668
31 - 60 Days		6 484 484	1 707 771
61 - 90 Days		2 081 656	1 564 749
91 - 120 Days		2 187 298	1 515 951
121 - 365 Days		4 059 777	9 067 015
+ 365 Days		60 205 265	32 144 089
Total		78 148 804	47 889 244

MANTSOPA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

		2 013	2 012
		R	R
Debtors Age Analysis	continued		
Sewerage			
Current (0 – 30 days)		1 560 745	1 379 208
31 - 60 Days		1 546 474	1 292 322
61 - 90 Days		1 485 305	1 247 128
91 - 120 Days		1 474 391	1 243 834
121 - 365 Days		1 475 061	8 588 720
+ 365 Days		55 230 893	37 709 460
Total		62 772 870	51 460 673
Refuse			
Current (0 – 30 days)		841 136	733 442
31 - 60 Days		830 759	698 656
61 - 90 Days		791 917	663 834
91 - 120 Days		794 765	662 976
121 - 365 Days		795 532	4 594 773
+ 365 Days		28 550 026	19 237 077
Total		32 604 135	26 590 758
Other			
Current (0 – 30 days)		109 035	109 035
31 - 60 Days		124 762	124 762
61 - 90 Days		159 187	159 187
91 - 120 Days		102 478	102 478
121 - 365 Days		865 002	865 002
+ 365 Days		11 830 356	11 830 356
Total		14 210 317	13 190 820
Debtors outstanding per category			
Government			
Current (0 – 30 days)		192 154	438 217
31 - 60 Days		285 998	(14 250)
61 - 90 Days		1 188 703	389 531
91 - 120 Days		108 115	369 077
120 +		5 114 627	5 204 117
Total		6 889 597	6 386 693
Business			
Current (0 – 30 days)		208 237	962 904
31 - 60 Days		214 564	96 052
61 - 90 Days		168 551	93 576
91 - 120 Days		217 464	31 906
120 +		5 250 732	3 668 733
Total		6 059 547	4 853 172
Residential			
Current (0 – 30 days)		6 471 964	6 649 283
31 - 60 Days		9 832 447	4 296 858
61 - 90 Days		5 100 278	4 401 071
91 - 120 Days		5 115 582	3 489 667
120 +		175 534 110	135 722 823
Total		202 054 382	154 559 701
Other			
Current (0 – 30 days)		3 923	2 746
31 - 60 Days		2 324	3 247
61 - 90 Days		860	2 131
91 - 120 Days		755	903
120 +		20 772	14 748
Total		28 633	23 776

MANTSOPA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
10.2 Trade Receivables from Nonv- Exchange Transactions		
As at 30 June 2012		
Rates	17 438 514	10 740 638
Total	17 438 514	10 740 638
As at 30 June 2013		
Rates	14 741 041	5 221 857
Total	14 741 041	5 221 857
Property Rates as per age analysis		
Current (0 – 30 days)	520 225	432 812
31 - 60 Days	433 754	407 462
61 - 90 Days	456 839	829 326
91 - 120 Days	387 119	356 459
121 - 365 Days	406 725	2 558 082
+ 365 Days	12 536 378	12 854 371
Total	14 741 041	17 438 514
Property Rates as per category		
Government	3 584 197	4 240 072
Business	5 922 910	7 006 747
Residential	5 227 996	6 184 671
Other	5 937	7 024
Total	14 741 041	17 438 514
11 OTHER RECEIVABLES	R	R
Sundry debtors	302 854	1 163 389
Payments made in advance	561 203	561 203
Hall deposits	1 117	18 017
Centlec	160 642	943 352
RD Cheques	44 872	-
Travel card expenses	38 868	-
Salary control accounts	-	-
VAT Receivable	473 985	2 444 311
Total Other Debtors	1 583 541	5 130 271
12 LONG TERM RECEIVABLES		
Long Term Receivables	214 432	220 270
Less: Short term portion of long term receivables	5 896	5 838
Total Long Term Receivables	208 536	214 432
13 BANK AND CASH EQUIVALENTS		
Pettycash	1 500	1 500
Cash floats for cashiers	1 255	1 255
	2 755	2 755
14 BANK & CASH		
Current Account (Primary Bank Account)		
ABSA Bank - Ladybrand branch Account number 2020000050		
Cash book balance at beginning of year - (overdrawn)	(10 349)	(2 810 946)
Cash book balance at end of year -	32 441	(10 349)
Bank statement balance at beginning of year - (overdrawn)	(24 074)	2 538 529
Bank statement balance at end of year	32 441	(24 074)
FNB Bank Day cash - Ladybrand branch Account number 62054009751		
Account number 62054009751		
Cash book balance at beginning of year	45 375	77 608
Cash book balance at end of year	158 119	45 375
Bank statement balance at beginning of year - (overdrawn)	45 375	77 608
Bank statement balance at end of year - (overdrawn)	109 425	45 375
Total Bank	190 560	35 026
15 PROVISION FOR REHABILITATION OF LANDFILL SITES		
In terms of the licencing of the landfill refuse site, the municipality will incur rehabilitation costs of R25 million to restore the sites at Excelsior (R7.7 mil), Hobhouse (R4.0 mil), Ladybrand (R8.9 mil) and Tweespruit (R4.0 mil) at the end of its useful life, estimated to be in 2030. Provision has been made for the net present value of this cost, using the the average cost of borrowing interest rate.		
	R	R
Provision landfill site	25 519 511	23 293 938
Increase due to discounting	-	2 225 573
Total Provision Landfill Site	25 519 511	25 519 511
16 PROPERTY RATES		
Actual		
Levies	11 825 394	10 761 843
Total Assessment Rates	11 825 394	10 761 843
Property Valuations		
Residential	872 860 600	894 460 456
Commercial/Business	351 080 700	334 402 100
Government	76 765 900	76 765 900
Agricultural Land	1347 917 400	1347 917 400
Municipal properties	116 249 400	116 249 400
Total Property Valuations	2764 874 000	2769 795 256

	2 013 R	2012 R
17 SERVICE CHARGES		
Sale of electricity	29 134 980	23 187 214
Sale of water	39 742 271	19 614 327
Other charges	23 802 345	21 847 358
Total Service Charges	92 679 596	64 648 899
18 GOVERNMENT GRANTS AND SUBSIDIES		
Equitable share	66 714 000	59 432 000
National Government Grants	39 725 000	26 668 960
District Municipality	602 897	891 217
Total Government Grant and Subsidies	107 041 897	86 992 177
Less unspent grants	(799 866)	-
	106 242 031	86 992 177
National Government Grants consist of MIG, FMG, MSIG, INEG, EEDG and Department of Water Affairs.		
18.1 Equitable Share		
Balance unspent at beginning of year	-	-
Current year receipts	66 714 000	59 432 000
Conditions met - transferred to revenue	(66 714 000)	(59 432 000)
	-	-
The Equitable Share is an unconditional grant and is utilised to assist the local municipalities undertake service delivery		
18.2 MIG		
Balance unspent at beginning of year	-	-
Correction prior year	-	-
Current year receipts	27 625 000	22 773 000
Conditions met - transferred to revenue	(27 625 000)	(22 773 000)
Financed by own income	-	-
Conditions still to be met - transferred to current liabilities	-	-
This grant was used for Bucket Eradication. No funds have been withheld.		
18.3 FMG		
Balance unspent at beginning of year	-	-
Current year receipts	1 500 000	1 450 000
Conditions met - transferred to revenue	(1 500 000)	(1 450 000)
Conditions still to be met - transferred to liabilities	-	-
The grant was used to promote and support reforms to financial management practices, including the modernisation of budgeting, financial management, accounting, monitoring systems and implementation of the Municipal Finance Management Act. Interns were also paid with this fund.		

MANTSOPA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
18.4 MSIG		
Balance unspent at beginning of year	-	-
Current year receipts	800 000	790 000
Conditions met - transferred to revenue	(800 000)	(790 000)
Conditions still to be met - transferred to liabilities	-	-
The fund is used to assist the local municipalities to perform the function and stabilise institutional and governance systems as required by the Municipal Systems Act of 2000.		
18.5 INEG		
Balance unspent at beginning of year	-	-
Current year receipts	800 000	810 000
Conditions met - transferred to revenue	(800 000)	(810 000)
Conditions still to be met - transferred to liabilities	-	-
This funds were used for electrification and connections.		
18.6 Department of Water Affairs		
Balance unspent at beginning of year	-	-
Current year receipts	-	845 960
Conditions met - transferred to revenue	-	(845 960)
Conditions still to be met - transferred to liabilities	-	-
This funds were used for water conservation and demand.		
18.7 District municipality		
Balance unspent at beginning of year	-	-
Current year receipts	602 897	891 217
Conditions met - transferred to revenue	(602 897)	(891 217)
Conditions still to be met - transferred to liabilities	0	-
The Municipality renders Environmental Health services on behalf of Thabo Mofutsanyane District Council.		
18.8 EEDG		
Balance unspent at beginning of year	-	-
Current year receipts	8 000 000	-
Conditions met - transferred to revenue	(7 200 134)	-
Conditions still to be met - transferred to liabilities	799 866	-
18.9 Changes in levels of government grants		
Based on the allocations set out in the Division of Revenue Act, (Act No 6 of 2011), no significant changes in the level of government grant funding are expected over the forthcoming two financial years.		
UNSPENT CONDITIONAL GRANTS AND SUBSIDIES	799 866	-
Total Conditional Grants and Receipts unspent	799 866	-
19 VAT PAYABLES		
VAT Output debtors	(15 833 736)	(11 783 520)
VAT Input Creditors	925 412	992 452
Output VAT paid	(437 005)	-
Input Vat Paid	193 969	-
Receivable from SARS	473 985	2 444 311
	(14 677 375)	(8 346 757)

	2 013	2 012
	R	R
20 EMPLOYEE RELATED COSTS		
Salaries	29 041 444	26 786 967
Contributions - UIF, Pension and Medical Aid Fund,	8 683 484	8 682 178
Housing Subsidies	125 513	140 057
Industrial Council Levies	26 949	15 683
Other Allowances	1 379 663	840 745
Overtime	4 847 880	4 850 090
Travel, Subsistence and Car Allowances	1 046 670	1 750 467
Leave accrual	2 065 484	773 035
Leave paid during 2012/13	-	-
Long Service / Bonus awards	2 295 575	2 276 901
Total Employee Related Costs	49 512 663	46 116 123
Remuneration of the Municipal Manager		
Annual Remuneration	770 000	587 976
Performance and other Bonuses	64 167	-
Car Allowance	128 385	25 626
Contributions to UIF, Medical and Provident Funds	170 096	14 692
Total	1 132 647	628 295
Employed for 12 months (since 01/07/2012).		
Remuneration of the Manager Technical services		
Annual Remuneration	276 500	381 897
Performance and other Bonuses	-	-
Car Allowance	49 672	-
Contributions to UIF, Medical and Provident Funds	59 882	-
Total	386 054	381 897
Employed for 7 months (since 01/12/2012) .Previous year only acting director in post.		
Remuneration of the Chief Financial Officer		
Annual Remuneration	382 500	497 006
Performance and other Bonuses	-	42 739
Car Allowance	141 009	159 326
Contributions to UIF, Medical and Provident Funds	83 430	117 748
Total	606 940	816 818
Employed for 9 months (since 01/10/2012).		
Remuneration of the Head: Corporate Services		
Annual Remuneration	306 324	456 343
Performance and other Bonuses	-	38 659
Car Allowance	117 807	164 349
Contributions to UIF, Medical and Provident Funds	37 743	116 710
Total	461 874	776 061
Employed for 7 months (since 01/12/2012).		
Remuneration of the Head: Community Services		
Annual Remuneration	276 500	-
Performance and other Bonuses	-	-
Car Allowance	100 583	-
Contributions to UIF, Medical and Provident Funds	61 626	-
Total	438 709	-
Employed for 7 months (since 01/12/2012). New post.		

	2 013	2 012
	R	R
21 REMUNERATION OF COUNCILLORS		
Mayor		
Salaries	433 731	397 025
Contributions - UIF, Pension and Medical Aid Fund,	80 969	74 049
Cellphone allowance	19 446	18 326
Travel, Subsistence and Car Allowances	125 604	148 725
	659 750	638 126
In kind benefits		
The Mayor and the Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Mayor has the use of a Council owned vehicle for official duties. The Mayor has one (1) full-time bodyguard, and one (1) driver.		
Speaker		
Salaries	345 025	316 224
Contributions - UIF, Pension and Medical Aid Fund,	65 670	61 435
Cellphone allowance	19 442	18 322
Travel, Subsistence and Car Allowances	100 483	118 979
	530 620	514 960
Exco members		
Salaries	361 533	334 203
Contributions - UIF, Pension and Medical Aid Fund,	62 786	60 498
Cellphone allowance	24 205	22 859
Travel, Subsistence and Car Allowances	130 252	122 698
	578 777	540 258
Ordinary council members		
Salaries	2 003 467	1 586 872
Contributions - UIF, Pension and Medical Aid Fund,	299 095	261 469
Cellphone allowance	155 187	148 580
Travel, Subsistence and Car Allowances	662 543	580 028
	3 120 292	2 576 949
22 FINANCE COSTS		
Interest Long term liabilities	569 594	993 516
Total Interest and Redemption on External Borrowings	569 594	993 516
23 CHANGE IN ACCOUNTING POLICY		
The following adjustments were made to amounts previously reported in the annual financial statements of the municipality arising from the implementation of new accounting policies and changes to existing policies:		
NONE	Corrections	2 013 Restated 2013

MANTSOPA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

24 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT:

Contributions to Local Government Organisation

Opening balance	-	-
Current year's contribution	417 258	408 037
Amount paid - current year	(417 258)	(408 037)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

Audit fees

Opening balance	-	-
Current year's contribution	3 366 557	2 949 595
Amount paid - current year	(3 258 978)	(2 949 595)
Balance unpaid (included in creditors)	107 579	-

2 013
R2 012
R25 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT:
(continued)UIF

Opening balance	-	-
Current year payroll deductions	738 575	694 564
Amount paid - current year	(556 076)	(694 564)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	182 499	-

PAYE

Opening balance	731 724	-
Current year payroll deductions	4 675 074	4 256 058
Amount paid - current year	(4 120 995)	(3 524 335)
Balance unpaid (included in creditors)	1 285 803	731 724

Skills Development Levy

Opening balance	-	-
Current year payroll deductions	466 757	430 684
Amount paid - current year	(144 781)	(430 684)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	321 975	-

Pension and Medical Aid Deductions

Opening balance	-	-
Current year payroll deductions and council contributions	15 174 883	-
Amount paid - current year	(13 879 303)	-
Balance unpaid (included in creditors)	1 295 579	-

26 CAPITAL COMMITMENTS

Commitments in respect of capital expenditure

Approved and contracted for:

	52 910 473	3 964 344
Infrastructure	47 051 520	3 964 344
Community	-	-
Other	5 858 953	-

Approved but not yet contracted for:

Infrastructure	-	-
Community	-	-

Operating leases contracted (see note 39)

	-	942 365
Total	52 910 473	4 906 709

This expenditure will be financed from:

- Government Grants	45 971 860	1 280 670
- External resources	-	-
- Internal resources	6 938 613	3 626 038
	52 910 473	4 906 709

27 RETIREMENT BENEFIT INFORMATION

Employees of council belongs to different pension fund schemes. They are the Freestate Pension Fund, Freestate Provident Fund, Samwu Provident Fund, Councillors Pension Fund, Municipal employee's Pension Fund, Old Mutual Pension Fund, Sanlam group scheme, Orion and Federal Life.

Payments made in terms of define contribution plans.

7 733 760

4 238 127
28 CONTINGENT LIABILITY**COURT CASES (EMPLOYEE CLAIMS)****Case 1**

0081-CONTRACT EXPIRED(09 DECEMBER 2009)

DATE LODGED (09 SEPTEMBER 2009)

HIGH COURT RULING AGAINST THE EMPLOYEE

In terms of the definition, Possible obligation arise from past event (contract expired) and the existence of the obligation will only be confirmed at the occurrence of uncertain future events (judgment against or in favour of Mantsopa Municipality.

Disclose in the notes of financial statements

Possible case

Mr Nanna

Person was dismissed, but the case is not yet solved.

In terms of the definition, Possible obligation arise from past event (contract expired) and the existence of the obligation will only be confirmed at the occurrence of uncertain future events (judgment against or in favour of Mantsopa Municipality.

Disclose in the notes of financial statements

COURT CASES (OTHER)

Copperleaf Trading

Possible outcome unknown.

Landfill sites

Operating disposal site without permit that could cause a fine of R10 000 000

Currently the disposal site at Hobhouse, Excelsior and Tweespruit is operated without the necessary permits, which may costs is made

Possibility of a fine amounting to R10 000 000

	2 013	2 012
29 CONTINGENT ASSET		
No contingent assets are expected.	-	-
30 IN - KIND DONATION AND ASSISTANCE		
The following donations was received by Mantsopa Local Municipality during the year under review.		
Macufe tickets from RAZZMATAZZ (PTY)ltd	14 000	24 000
Macufe tickets from Manna holdings	8 400	-
Macufe tickets from TDB&C Agency	2 800	-
Macufe tickets from Engineering Solutions	2 800	-
Macufe tickets from MDA	2 800	-
Macufe tickets from Wafrica Development	8 400	-
Macufe tickets from Group Ywo Trading	8 400	-
Soccer tickets	-	1 000
Drinks for Macufe Festival from Quithing Construction	5 000	-
Drinks for Macufe Festival from Socrapoint (PTY)Ltd	10 000	-
Cheri Festival tickets from Brilliant Business Affairs	2 600	-
Cheri Festival tickets from Tharollo Management	2 600	-
Drinks for Municipal Farewell Engineering Solutions	-	-
Drinks for youth event	-	5 000
Farewell of Section 56 managers	-	3 500
	67 800	33 500
31 COMPARISON WITH THE BUDGET		
See appendix G		

32 EVENTS AFTER BALANCE SHEET DATE

NONE

33 CASH RECEIVED FROM CUSTOMERS AND GOVERNMENT

Total revenue	235 140 309	176 833 642
Adjusted for items presented separately:		
Interest received on investments	(444 783)	(110 569)
Dividends received	(39 591)	(23 918)
Previous year adjustments	(2 114 737)	288 106
Unspent conditional Grant	799 866	-
(Increase)/decrease in Sundry Debtors	3 546 730	(4 047 259)
Increase/(Decrease) in Consumer deposits	65 801	30 180
(Increase)/decrease in consumer debtors	(51 994 150)	(27 443 668)
	184 959 447	145 526 514

Sundry debtors and deposit changes included in Increase of other debtors for 2012

34 CASH PAID TO SUPPLIERS AND EMPLOYEES

Total expenditure	(280 655 785)	(176 002 172)
Adjustment for Non cash items		
Operating lease straight lining of expenses	-	94 652
Depreciation	30 003 844	24 327 815
Bad Debts	95 996 677	10 694 146
Indigent support	-	-
Leave Accrual	1 154 900	308 207
Interest provision rehabilitation of landfill sites	-	2 225 573
Financing activities	-	-
Interest paid	569 594	993 516
Previous year adjustments	-	6 823 590
Increase/(decrease) in creditors	14 677 229	11 998 512
Increase/(decrease) in unspent conditional grants	-	-
Increase / (Decrease) in Inventory	(65 630)	108 120
	(138 319 170)	(118 428 041)

35 CASH GENERATED / (REQUIRED) BY OPERATIONS

Reconciliation of net operating profit to cash generated in operations

Net operating profit/(loss)	(45 515 476)	831 470
Adjusted for:		
Operating lease straight lining	-	94 652
Depreciation	30 003 844	24 327 815
Interest income	(444 783)	(110 569)
Dividends received	(39 591)	(23 918)
Bad Debts	95 996 677	10 694 146
Interest provision rehabilitation of landfill sites	-	2 225 573
Leave Accrual	1 154 900	308 207
Interest paid	569 594	993 516
Indigent support	-	-
Previous year corrections	(2 114 737)	7 111 696
Unspent conditional Grant	799 866	-
Changes in working capital:		
(Increase)/ Decrease in Inventory	(65 630)	108 120
(Increase)/decrease in consumer debtors	(51 994 150)	(27 443 668)
(Decrease)/Increase in conditional grants	-	-
Increase/(decrease) in creditors	14 677 229	11 998 512
(Increase)/decrease in Sundry Debtors	3 546 730	(4 047 259)
Increase/(Decrease) in Consumer deposits	65 801	30 180
	46 640 277	27 098 473

Deposit changes included in Increase of other debtors for 2012

36 CASH AND CASH EQUIVALENTS

Bank and cash	190 560	35 026
Petty cash	2 755	2 755
Investments	7 832 476	33 786
	8 023 036	68 812

MANTSOPA LOCAL MUNICIPALITY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

37.1 GENERAL EXPENSES

General expenses include the following significant figures:

Advertising	269 875	170 666
Audit costs External	3 366 557	2 949 595
Audit costs Internal	-	76 162
Annual Report	69 166	280 000
Awareness Campaigns	-	-
Bad Debts	26 321	61 486
Bank charges	338 983	262 506
Bank and Creditors Interest	777 716	440 117
Books and Reference books	24 239	6 025
Centlec Expenses	-	505 398
Civil Protection	-	-
Cleaning Materials	47 561	63 576
Chemicals, Chloorgas	1 744 788	1 515 853
Centlec Expenditure	264 686	-
Commission	-	-
Communication Strategy	-	-
Connections	734 134	263 864
Council contributions for pensioners	338 389	-
Donations	1 892	2 945
Entertainment	143 488	247 366
Employee Wellness	441	46 503
Grap & Other Financial costs	-	332 153
Finance management Grant	533 589	1 070 075
Fuel	2 318 208	2 528 581
Inventory shortage	-	-
IDP & Budget Conference and document printing	386 046	202 990
Interest rehabilitation for landfill sites	-	2 225 573
Insurance	750 336	826 115
Lisences	168 508	237 047
Legal expenses	1 966 850	1 017 449
Machinery Installments	-	30 000
Medical assistance	199 039	3 947
Plants and Trees	11 077	11 956
Postage	254 880	157 879
Printing & Stationery	623 082	470 550
Policy revival	6 858	149 900
Promulgation of By-Laws	-	64 282
Programs	1 100 045	298 404
Protective clothing	24 996	414 724
Public consultation	223 638	346 274
Recruitment	4 720	-
Rental equipment	1 503 734	391 237
Training	669 740	833 663
Travelling and Subsistance	1 889 542	2 243 055
Town Planning	-	103 877
Sanitation, water and electricity	2 746 904	1 461 667
Surveys	-	2 590
Strategic planning	194 990	82 787
Spatial Dev elopment	223 273	-
Special Days	363 251	276 945
Skills development	466 757	430 684
Security Services	-	364 284
Subscriptions	808 241	449 874
Sympathy	167	2 124
Telephone	1 777 633	1 666 479
Tourism	500	-
Valuation and other costs	1 437 998	28 248
Youth Commission	72 485	272 600
Ward Plan review and committee campaign	338 787	95 000
Water Samples and Research	28 450	90 650
Weed control	1 513	431
	29 244 072	26 076 155

37.2 OTHER INCOME

Gain and fair value		58 745
Donation of fixed assets	6 103 696	- -
Dog tax	1 119	600
Grave sales	57 308	32 924
Training Cost recover	86 842	41 465
Administration fees	40 518	71 976
Commission Received	60 319	12 679
Discount Received	726	8
Private Telephone recovery	22 761	9 000
Suplus Cash	1 280	13
Tender Doc	64 258	38 250
Valuation Lists	2 202	150
Valuation Roll	41 248	35 764
Subdivisioning	3 300	- -
Rental Equipment	- -	4 042
Advertisements	2 030	320
Building Plans	68 060	51 707
Photo Copies	4 481	2 665
Subscriptions	- -	930
Housing Transports	1 600	- -
Connections	180 625	226 584
Testmeters	1 970	320
Private Work	- -	533
Garden Refuse	17 825	16 729
Total	6 762 169	605 405

38	Correction of previous year errors	2 013	2 012
38.1	Electricity Income		
		2012 audited AFS	2012 adjusted figure
	Electricity Income	(24 599 753)	1 412 539
	Correction to Accumulated Surplus		(23 187 214)
	Balance		<u>1 412 539</u>
38.2	Other receivables		
		2012 audited AFS	2012 adjusted figure
	Centlec	24 599 753	(1 412 539)
			23 187 214
38.3	Accumulated Surplus		
		2012 audited AFS	2012 adjusted figure
	The following prior period corrections affected the Accumulated surplus		
	Balancing figure		(6 563 772)
	Bank Suspence accounts	6 823 590	(6 823 590)
	Inventories	(846 801)	259 818
			(586 983)

38.4 Payables understated in prior period			
	2012 audited AFS	Corrections	2012 adjusted figure
Expenses paid in prior year but not through on bank statement	24 358 331	7 505 523	31 863 854
38.5 Bank account			
	2012 audited AFS	Corrections	2012 adjusted figure
Bank Suspence accounts	(6 823 590)	6 823 590	- -
Expenses paid in prior year but not through on bank statement	(7 515 872)	7 505 523	-10 349.00
	<u>(14 339 462)</u>	<u>14 329 113</u>	<u>(10 349)</u>
Bank suspense accounts written to accumulated surplus			
Expences paid but not bankstatement written to other payables			
38.6 Investments			
	2012 audited AFS	Corrections	2012 adjusted figure
Colateral investment FNB	84 263	4 301	88 564
Standard Bank	104	1	105
ABSA Surplus money	7 976	(17)	7 959
Absa Mig Funds	3 897	16	3 914
	<u>96 241</u>	<u>4 302</u>	<u>100 543</u>
38.7 Investments			
	2012 audited AFS	Corrections	2012 adjusted figure
Interest earned - external investments	(106 267)	(4 302)	-110 569
	<u>(106 267)</u>	<u>(4 302)</u>	<u>-110 569</u>

39 OPERATING LEASES

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

Operating leases - lessee

Within one year	2 157 074	993 247
In the second to fifth year inclusive	1 471 853	1 110 289
After five years	-	-
Total	3 628 927	2 103 536

Total future minimum sublease payment expected to be received under non cancellable sublease

Liability opening balance	650 418	555 766
Movement through lease expenses	(148 671)	94 652
Liability at year end	501 747	650 418

Operating Leases consist of the following;

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for three years. No contingent rent is payable based on a % of the municipality's sales.

40 WASTEFULL EXPENDITURE

Opening Balance 01 July 2012	410 014	117 754
Interest on creditors	774 941	245 767
Interest to SARS		1 890
Penalty SARS		44 603
Closing Balance 30 June 2013	1 184 955	410 014

41 IRREGULAR

Opening Balance	16 216 989	6 363 705
Irregular expenditure current year - Non compliance to SCM policy	1 418 768	6 852 841
Irregular expenditure current year - Deviation from Procurement		2 801 311
Condoned or written off by Council		-
Allowances were awarded to the employees not indicated in the appointment letter		89 382
Employees were paid for the overtime executed on Weekends and/or Public Holidays		109 751
Transfer to receivables for recovery - not condoned		-
Irregular expenditure awaiting condonement	17 635 757	16 216 989

The Municipality is currently investigating further expenses that could be found to be irregular expenses. These items are still under investigation and has not been included in the amount as disclosed.

42 UNAUTHORISED EXPENDITURE**Total spending more than budget**

Municipal manager	-	(323 659)
Performance	-	(29 269)
Internal Audit	(49 877)	-
IDP	(47 718)	-
Council (Mayor)	-	(509 675)
Speaker and Council	(728 041)	(121 874)
Finance	(14 992 363)	-
Rates and Taxes	-	-
Corporate	-	-
Properties	-	(741 370)
Library	(37 259)	-
Fire brigade	-	-
Traffic	-	-
Housing	(94 228)	(14 457)
Environmental Health	-	-
Cemetery	-	-
Project Management Unit	-	-
Parks and recreation	(324 930)	(4 760)
Roads	(6 809 960)	(2 107 496)
Electricity	(307 805)	-
Water	(27 863 325)	-
Sewerage	(31 624 272)	-
Refuse	(18 084 696)	-
Development	-	-
Total	(100 964 476)	(3 852 560)

43	ELECTRICITY LOSSES			
	Electricity losses for the year under review is not yet determined.			
	Water losses cant be determined, as no bulk meters exist from waterworks and bore holes to the towns.			
			2 013	2 012
44	CONSULTANT FEES			
	Ducharme Consultants	Asset Register and help with financial statements for 2012	1 317 998	811 000
	Makomota	Financial statements review	-	-
	Gobodo	Debt impairment	-	216 631
45	RELATED PARTIES			
	The following organisations is seen as related parties to Mantsopa Local Municipality, as they are in a position. to influence transactions or other decisions			
	Related parties transactions: Received / (paid)			
	Centlec Bloemfontein		6 996 765	3 349 011
	Provincial Treasury		-	-
	National Treasury		105 639 134	86 786 727
	Thabo Mofutsanyane District Municipality		602 897	685 767
	COGTA		-	-
	Department of Water affairs		-	845 960
	Key personal and Councillors salaries	20 & 21	(4 889 440)	(5 739 028)
46	IFRS 7			
	RISK MANAGEMENT			
	Maximum credit risk exposure			
	Credit risk consist mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter party.			
	Financial assets exposed to credit risk at year end were as follow:			
	First National Bank current account		109 425	45 375
	Absa Bank current account		32 441	-
	Absa Money Market		22 826	21 808
	FNB colateral		92 716	84 263
	Old Mutual shares		108 464	59 606
	Standard Bank		109	104
	OVK		745 957	645 038
	ABSA Investment		1 000	7 959
	ABSA Investment		4 908 019	3 914
	ABSA Investment		2 900 523	-
	Trade and other receivables (including long term receivables)		56 747 740	98 784 055
			65 669 219	99 652 124
	These balances represent the maximum exposure to credit risk.			

47 Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within one year	Later than one year and not later than two years	Later than two years and not later than five years	Later than five years
2013				
Gross finance lease obligations	2 157 074	1 417 557	54 296	-
Borrowings	1 718 698	1 232 312	2 139 870	1 704 818
Trade and other payables	43 484 361	-	-	-
2014				
Gross finance lease obligations	1 417 557	54 296		
Borrowings	1 232 312	928 497	1 524 306	1 391 885
Trade and other payables	-	-	-	-

Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

At year end, financial instruments exposed to interest rate risk were as follows:

- ABSA Bank: Current Account
- ABSA Bank: Money Market Account
- DBSA Loans
- ABSA Loan

Other price risk

The municipality's price risk arises from the shares held at OVK. The municipality holds a specific number of shares, of which their value depend on the share price at year end. These shares are not listed on any stock exchange.

Management's valuation of unlisted investments

Dividends received OVK

Average gross rate of return on investments 15.6 %

48 Fraud and Theft

A case in Hobhouse was investigated where municipal employees could be involved in fraudulent transactions with the municipality's fuel card. The employees resign on the day of their disciplinary hearing, and the case was hand over to the SAPS for further actions.

49 Councillor accounts

The following councillors have debit balances on their service accounts.

Cllr M A Majara	030848/005731	9 271
Cllr M A Malakane	016518/026321	1 499
Cllr Raboko	014697/026296	14 186
Cllr Tigeli	018735/032590	13 056
Cllr Molefe	016200/006696	4 489
Cllr Jacobs	025934/018792	1 358
Cllr D B Holmes	020424/011645	2 184
Cllr D B Holmes	020448/012294	603
Cllr B M Sani	016289/006783	3 875
Cllr Seoe	022570/023693	10 267

APPENDIX A
MANTSOPA LOCAL MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2013

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings												
Land	83 319 600	-	-	-	-	83 319 600	-	-	-	-	-	83 319 600
Buildings	23 363 153	1 800 000	800 646	-	-	25 963 799	8 629 321	352 380	-	-	8 981 701	16 982 098
	106 682 753	1 800 000	800 646	-	-	109 283 399	8 629 321	352 380	-	-	8 981 701	100 301 698
Infrastructure												
Electricity:												
Electricity network	80 548 744	6 391 163	-	-	-	86 939 907	17 153 250	1 813 535	-	-	18 966 785	67 973 122
Sanitation	17 715 549	-	-	-	-	17 715 549	2 936 984	734 246	-	-	3 671 230	14 044 319
Solid waste	-	-	-	-	-	-	-	-	-	-	-	-
Sewerage:												
Sewer network	123 144 179	3 173 734	15 868 727	-	-	142 186 640	13 730 033	6 145 948	-	-	19 875 981	122 310 659
Roads	-	-	-	-	-	-	-	-	-	-	-	-
Roads network	363 559 407	1 793 917	2 201 897	-	-	367 555 221	136 083 271	10 165 946	-	-	146 249 217	221 306 004
Water:												
Water network	208 464 032	2 427 640	-	-	-	210 891 672	34 587 523	7 585 329	-	-	42 172 852	168 718 820
	793 431 911	13 786 454	18 070 624	-	-	825 288 989	204 491 061	26 445 004	-	-	230 936 065	594 352 924
Community Assets												
Land	4 974 120	-	-	-	-	4 974 120	-	-	-	-	-	4 974 120
Buildings	5 267 224	1 297 183	-	-	-	6 564 407	1 946 271	193 755	-	-	2 140 026	4 424 381
	10 241 344	1 297 183	-	-	-	11 538 527	1 946 271	193 755	-	-	2 140 026	9 398 501
Other Assets												
FURNITURE AND OFFICE EQUIPMENT												
OFFICE FURNITURE	4 350 126	136 389	-	-	-	4 486 515	2 163 245	960 277	-	-	3 123 522	1 362 993
OFFICE EQUIPMENT INCLUDING FAX MACHINES	463 783	-	-	-	-	463 783	247 720	121 932	-	-	369 652	94 131
AIR CONDITIONERS INDIVIDUAL FIXED AND MOVABLE	172 581	-	-	-	-	172 581	100 671	48 773	-	-	149 444	23 137
TRANSPORT ASSETS												
TRUCKS	5 855 842	-	-	-	-	5 855 842	1 686 565	577 963	-	-	2 264 528	3 591 314
BAKKIES	2 005 068	-	-	-	-	2 005 068	617 699	172 551	-	-	790 250	1 214 818
TRAILERS AND ACCESSORIES	1 624 079	-	-	-	-	1 624 079	438 233	148 690	-	-	586 923	1 037 156
BICYCLES	5 920	-	-	-	-	5 920	1 918	710	-	-	2 628	3 292
MOTOR VEHICLES	1 374 498	-	-	-	-	1 374 498	361 585	156 516	-	-	518 101	856 397
COMPUTER EQUIPMENT												
COMPUTER HARDWARE INCLUDING OPERATING SYSTEMS	243 955	16 000	-	-	-	259 955	167 113	133 313	-	-	300 426	(40 471)
COMPUTER NETWORKS	546 131	-	-	-	-	546 131	219 691	-	-	-	219 691	326 440
MACHINERY AND EQUIPMENT												
KITCHEN APPLIANCES	120 960	2 026	-	-	-	122 986	66 964	21 105	-	-	88 069	34 917
DOMESTIC EQUIPMENT (NON KITCHEN APPLIANCES)	41 756	-	-	-	-	41 756	28 222	9 804	-	-	38 026	3 730
MUSIC INSTRUMENTS	179 040	-	-	-	-	179 040	94 668	16 114	-	-	110 782	68 258
MEDICAL AND ALLIED EQUIPMENT	2 844	-	-	-	-	2 844	1 483	469	-	-	1 952	892
AUDIOVISUAL EQUIPMENT	183 012	20 662	-	-	-	203 674	78 582	37 492	-	-	116 074	87 600
WORKSHOP EQUIPMENT AND LOOSE TOOLS MOVABLE	633 470	1 316	-	-	-	634 786	406 476	304 466	-	-	710 942	(76 156)
ELECTRIC WIRE AND POWER DISTRIBUTION EQUIPMENT (COMPRESSORS / GENERATORS)	148 618	27 500	-	-	-	176 118	93 225	25 543	-	-	118 768	57 350
TRACTORS	1 048 173	-	-	-	-	1 048 173	724 622	169 429	-	-	894 051	154 122
FIRE FIGHTING EQUIPMENT	311 349	15 217	-	-	-	326 566	187 130	100 389	-	-	287 519	39 047
ROAD CONSTRUCTION AND MAINTENANCE EQUIPMENT	1 816 880	-	-	-	-	1 816 880	756 130	-	-	-	756 130	1 060 750
	21 128 085	219 110	-	-	-	21 347 195	8 441 942	3 005 536	-	-	11 447 478	9 899 717
Total	931 484 093	17 102 747	18 871 270	-	-	967 458 110	223 508 595	29 996 675	-	-	253 505 270	713 952 840

MANTSOPA LOCAL MUNICIPALITY
ANALYSIS OF INTANGIBLES REGISTER AS AT 30 JUNE 2013

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Intangible Assets												
Computer Software	57 352	30 000	-	-	-	87 352	50 183	7 169	-	-	57 352	30 000
Total	57 352	30 000	-	-	-	87 352	50 183	7 169	-	-	57 352	30 000

MANTSOPA LOCAL MUNICIPALITY
ANALYSIS OF INVESTMENT PROPERTY AS AT 30 JUNE 2013

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Intangible Assets												
Computer Software	27 271 000	-	-	-	-	27 271 000	-	-	-	-	-	27 271 000
	27 271 000	-	-	-	-	27 271 000	-	-	-	-	-	27 271 000
Total Assets	958 812 445	17 132 747	18 871 270	-	-	994 816 462	223 558 778	30 003 844	-	-	253 562 622	741 253 840

APPENDIX B
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 June 2012

56

Description	Cost / Revaluation						Accumulated Depreciation / Impairment					Carrying Value
	Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Additions	Transfers	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Executive and Council	782 085	153 685	-	-	-	935 770	303 081	143 369	-	-	446 450	489 320
Finance and Administration	3 665 687	50 209		-	-	3 715 896	1 757 494	763 722	-	-	2 521 216	1 194 680
Planning and Development	265 535			-	-	265 535	141 178	27 817	-	-	168 995	96 540
Technical	380 000			-	-	380 000	-	330 009	-	-	330 009	49 991
Community and Social Services	197 450			-	-	197 450	97 842	30 622	-	-	128 464	68 986
Housing	75 861 739			-	-	75 861 739	5 542 895	-	-	-	5 542 895	70 318 844
Public Safety	1 148 032	15 217		-	-	1 163 249	503 057	100 389	-	-	603 446	559 803
Sport and Recreation	10 172 496	1 297 183		-	-	11 469 679	3 381 107	193 755	-	-	3 574 862	7 894 817
Environmental Health	105 054			-	-	105 054	61 792	19 299	-	-	81 091	23 963
Waste Management	141 151 650	3 173 734	15 868 727	-	-	160 194 111	16 797 804	6 880 194	-	-	23 677 998	136 516 113
Roads and Transport	365 580 947	1 793 917	2 201 897	-	-	369 576 761	136 874 575	10 165 946	-	-	147 040 521	222 536 240
Water	210 714 044	2 427 640		-	-	213 141 684	35 574 803	7 585 329	-	-	43 160 132	169 981 552
Electricity	80 853 819	6 391 163		-	-	87 244 982	17 243 301	1 813 535	-	-	19 056 836	68 188 146
Properties	40 605 555	1 800 000	800 646	-	-	43 206 201	5 229 667	1 942 689	-	-	7 172 356	36 033 845
Total	931 484 093	17 102 747	18 871 270	-	-	967 458 110	223 508 596	29 996 675	-	-	253 505 271	713 952 839

MANTSOPA LOCAL MUNICIPALITY APPENDIX C SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

2012 Actual Income R	2012 Actual Expenditure R	2012 Surplus/ (Deficit) R		2013 Actual Income R	2013 Actual Expenditure R	2013 Surplus/ (Deficit) R
4 661 849	12 253 465	(7 591 617)	Executive and Council	14 583 946	16 192 245	(1 608 299)
58 265 485	49 286 837	8 978 649	Finance and Admin	74 116 158	66 675 544	7 440 614
2 464 164	2 588 398	(124 234)	Planning and Development	2 699 935	2 960 011	(260 076)
13 896 759	5 008 527	8 888 232	Community and Social Services	4 826 096	3 539 865	1 286 231
1 241 255	1 238 103	3 152	Housing	1 104 879	1 198 597	(93 718)
2 322 703	2 577 918	(255 215)	Public Safety	2 192 297	2 324 131	(131 834)
-	4 189 528	(4 189 528)	Sport and Recreation	1 260 270	4 154 475	(2 894 205)
891 217	947 607	(56 390)	Environmental Protection	602 897	703 719	(100 822)
30 314 455	19 113 345	11 201 110	Waste Management	45 389 540	72 792 668	(27 403 128)
12 024 960	13 342 187	(1 317 227)	Road Transport	7 570 787	17 092 543	(9 521 756)
29 387 673	32 471 400	(3 083 727)	Electricity	39 117 067	36 380 392	2 736 676
21 082 973	20 151 350	931 623	Water	41 676 436	56 641 593	(14 965 157)
			Other			
176 553 492	163 168 664	13 384 828	Sub-total	235 140 309	280 655 784	(45 515 475)

MANTSOPA LOCAL MUNICIPALITY APPENDIX D(2) ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2013

DEPARTMENT	2012/13 Actual	2012/13 Under Construction	2012/13 Total Additions	2012/13 Budget	2012/13 Variance Amount	2012/13 Variance %
Executive & Council	153 685	-	153 685	20 000	133 685	668.42%
Finance & Admin	50 209	-	50 209	60 000	(9 791)	-16.32%
Planning & Development	-	-	-	-	-	0.00%
Property	1 800 000	800 646	2 600 646	-	1 800 000	0.00%
Community & Social Services	-	-	-	-	-	0.00%
Housing	-	-	-	-	-	0.00%
Public Safety	15 217	-	15 217	-	15 217	0.00%
Sport & Recreation	1 297 183	-	1 297 183	80 000	1 217 183	1521.48%
Environmental Protection	-	-	-	-	-	0.00%
Waste Water Management	3 173 734	15 868 727	19 042 461	25 382 109	(6 339 648)	-24.98%
Road Transport	1 793 917	2 201 897	3 995 814	1 061 641	2 934 173	276.38%
Water	2 427 640	-	2 427 640	1 127 515	1 300 125	115.31%
Electricity	6 391 163	-	6 391 163	8 800 000	(2 408 837)	-27.37%
TOTAL	17 102 747	18 871 270	35 974 017	36 531 265	(1 357 894)	-3.72%

Name of Grants	Name Organ of State or Municipal entity	Quaterly Receipts				Quaterly Expenditure				Grants and Subsidies delayed / withheld				Reasons for delay / withholding of funds	Compliance with conditions (Y/N)	Reasons for non-compliance	
		September	December	March	June	September	December	March	June	September	December	March	June				
Equitable Share	Equitable Share	27 798 000	22 238 000	16 678 000	-	315 864	21 818 817	801 473	43 777 847	-	-	-	-	N/A	Y	-	
FMG	FMG	1 500 000	-	-	-	466 040	480 428	468 669	84 863	-	-	-	-		N/A	Y	-
MSIG	MSIG	800 000	-	-	-	-	-	-	800 000	-	-	-	-		N/A	Y	-
MIG	MIG	9 645 000	7 007 000	10 973 000	-	5 525 259	3 121 580	10 473 340	8 504 821	-	-	-	-		N/A	Y	-
EPWP	EPWP	400 000	300 000	300 000	-	-	62 060	228 484	709 456								
INEG	INEG	-	800 000	-	-	107	55 863	408 268	335 762	-	-	-	-		-	-	-
EEDG	EEDG	-	4 000 000	4 000 000	-	-	-	1 788 759	5 411 376	-	-	-	-		-	-	-
TOTAL		40 143 000	34 345 000	31 951 000	-	6 307 270	25 538 748	14 168 994	59 624 123								
-																	

MANTSOPA LOCAL MUNICIPALITY APPENDIX F SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDED 30 JUNE 2013

EXTERNAL LOANS	Loan Number	Amount Taken Up	Year taken up	Period Years	Redeemable	Interest Rate	Balance at 01/07/12	Received during the period	Redeemed written off during the period	Adjustments	Balance at 30/06/13
							R	R	R	R	R
Development Bank of South Africa											
Water	13 776/101	552 137	2003	10	2013	14%	650 600	-	(460 479)	-	190 120
Water	LALF15125	50 000	2003	20	2013	16.32%	7 016	-	(7 016)	-	(0)
Water	LALF15125	520 000	2003	25	2018	16.32%	217 863	-	(31 217)	-	186 646
Electricity	13 776/101	2 943 373	2003	10	2013	14%	778 681	-	(551 132)	-	227 549
Roads	13 776/101	1 531 268	2003	10	2013	14%	453 783	-	(321 177)	-	132 606
Roads	103384/1	5 180 000	2011	10	2021	6.75%	4 808 061	-	(483 066)	-	4 324 995
Roads	103384/2	2 730 000	2010	5	2015	6.75%	2 311 311	-	(556 423)	-	1 754 888
ABSA (Inka, Sanlam)											
Properties	100048/52	296 500	1984	30	2 014	16%	95 653	-	(33 913)	-	61 740
Total long-term loans		13 803 278					9 322 967	-	(2 444 423)	-	6 878 544

MANTSOPA LOCAL MUNICIPALITY APPENDIX D(2) ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND

DEPARTMENT	2012/13 Actual Income	2012/13 Income Budget	2012/13 Income Under /(over)	2012/13 Actual Expenditure
Municipal manager	(3 695 445)	(3 906 388)	210 943	3 830 341
Performance	(471 793)	(520 381)	48 588	474 502
Internal Audit	(852 438)	(852 438)	()	902 315
IDP	(1 432 636)	(1 530 521)	97 885	1 578 239
Council (Mayor)	(1 710 000)	(3 102 424)	1 392 424	2 781 098
Speaker and Council	(6 421 634)	(5 897 709)	(523 925)	6 625 750
Finance	(54 247 340)	(45 507 416)	(8 739 924)	58 069 239
Rates and Taxes	(11 825 394)	(11 259 593)	(565 801)	-
Corporate	(8 043 424)	(20 903 508)	12 860 084	8 606 305
Properties	(3 708 315)	(1 081 317)	(2 626 998)	2 404 204
Library	(1 059 958)	(1 098 402)	38 444	1 135 661
Fire brigade	(1 016 702)	(1 171 616)	154 914	1 124 991
Traffic	(1 175 595)	(1 287 792)	112 197	1 199 139
Housing	(1 104 879)	(1 104 369)	(510)	1 198 597
Environmental Health	(602 897)	(747 265)	144 368	703 719
Cemetary	(57 823)	(62 623)	4 800	-
Project Management Unit	(1 381 250)	(1 381 250)	-	1 593 865
Parks and recreation	(1 260 270)	-	(1 260 270)	4 154 475
Roads	(7 570 787)	(5 061 641)	(2 509 146)	17 092 543
Electricity	(39 117 067)	(42 602 617)	3 485 550	36 380 392
Water	(41 676 436)	(23 980 328)	(17 696 108)	56 641 593
Sewerage	(33 722 583)	(43 410 856)	9 688 274	42 402 078
Refuse	(11 666 957)	(12 305 894)	638 937	30 390 590
Development	(1 318 685)	(1 380 118)	61 433	1 366 146
TOTAL	(235 140 309)	(230 156 466)	(4 983 843)	280 655 784

2012/13 Expenditure Budget	2012/13 Expenditure Under /(over)
3 906 388	76 047
520 381	45 879
852 438	(49 877)
1 530 521	(47 718)
3 102 424	321 326
5 897 709	(728 041)
43 076 876	(14 992 363)
-	-
21 240 004	12 633 699
2 996 591	592 387
1 098 402	(37 259)
1 171 616	46 625
1 287 792	88 653
1 104 369	(94 228)
747 265	43 546
-	-
1 635 025	41 160
3 829 545	(324 930)
10 282 583	(6 809 960)
36 072 587	(307 805)
28 778 268	(27 863 325)
10 777 806	(31 624 272)
12 305 894	(18 084 696)
1 380 118	13 972
193 594 602	(87 061 182)